



Foreign firms reject e-payment from Nigeria

Tuesday, January 24, 2006 - By Sonny Aragba Akpore, Asst. Communications Editor

SIX months after it began, the electronic card-payment system issued by some Nigerian banks has been rejected by merchants in Europe and the United States (U.S.).

Citing the prevalence of large-scale fraud, the merchants say the mastercards and other card-based instruments of payment from the country are "high risk."

Many of such would-be transactions originated by Nigerians through these cards have resulted in still births.

In many cases, the cold shoulders have not been because the card issuers cannot back them up with cash, but because "the card owners are located in Nigeria."

The office of the Nigerian Cybercrime Working Group (NCWG) is currently inundated with letters from many merchants giving details of their reasons for rejecting e-commerce transactions with Nigeria-based persons and organisations: "Because you live in a high fraud area, we cannot process your order."

The rejections, which cut across different business strata are also because the cards were issued by Nigerian banks in Nigeria.

The merchants alleged that even Nigerian correspondent banks abroad had also not helped matters. "Most of them have not been able to issue guarantee for these Nigerian-originated mastercards and other cards for the purpose of online payments to merchants abroad," according to a European merchant.

If the trend continues, master-cards and other e-cards used as instrument for payments and commercial transactions may suffer a major setback.

Most affected for now are telecommunications and technology-based customers.

A major telecommunications company, which placed order for switches and base station transceivers may look for other means to actualise the transactions as its online merchant has repeatedly turned down its offer of payments through electronics means.

NCWG co-ordinator, Mr. Basil Udotai, confirmed at the weekend that the situation was very serious.

Once the merchant sees the billing address of its potential customers as Nigeria, the transaction is aborted.

He added: "Some of these online merchants have actually programmed their processing systems with an alert on Nigeria and once they notice the billing address as Nigeria, the system automatically rejects the card and end the transaction immediately."

The Guardian also noted that even when the billing address is not Nigeria, transactions have been rejected on these cards when the shipping addresses indicate the country.

What this shows is that some smart Nigerians in anticipation that there might be problems with Nigerian billing addresses, opt for international addresses of friends or relations in their card applications.

"This has helped a lot of customers because so long as Nigeria is not included in any of the forms filed, the merchants would have no problems accepting the cards," Udotai explained.

"But that is not all. If shipment address is Nigeria, some merchants also reject the transactions. "This is the dilemma now," Udotai lamented.

The problems are not only those of the Nigerian Mastercard carriers but the banks too.

Some of the issuing banks are said to be in a state of frenzy and have therefore opened dedicated units where their staff attend to such problems, to ameliorate the pains and frustrations of their customers.

One bank official at the weekend told The Guardian: "It is a serious issue and we are putting everything in place to cushion the pains of customers so that they do not cancel their cards in droves".

Udotai equally confirmed that the NCWG and the banks had been holding series of consultations on the subject. He, however, said that while some banks thought that they could resolve the issue at once, others believed that it required more tactics and diligence.

Statistics of rejected cards are huge. "I don't think this is something the banks need to be shy about because it is a matter that affects the entire Mastercard franchise in Nigeria and is not specific to any one bank. The problem is also not specific to Mastercard alone but other credit card franchises located in Nigeria," Udotai explained.

Although Mastercard and other cards are rated highly at international market, their problems are that they were issued in Nigeria.

"This is also the problem of migrating services online, be it personal, government or business. I wonder why these banks expected merchants who have allegedly been cheated of their goods, monies and services in the past by Nigerians to simply shrug off those experiences and launch into processing Nigerian credit cards or ship goods to Nigeria based on credit cards issued in Nigeria," he added.

The NCWG boss explained that the problem was not really with Mastercard as a company but the perception of Nigerians by the international community.

"The same thing would happen if the cards were issued by American Express Visa or Discovery," one bank official explained.

NCWG was set up in 2004 by President Olusegun Obasanjo to create a legal and institutional framework for the security of computer systems and networks in the country and the protection of critical information infrastructure.

Mastercard came into Nigeria through Cards Technology Limited (CTL) and currently being issued by First Bank, Zenith Bank, Diamond Bank, among others.

Its commercial launch took place six months ago and it is used for both local and international transactions.

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